

Message Text

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43

ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 EB-07 COME-00 TRSE-00 OPIC-06

AID-05 /033 W

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R 011030Z APR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1806

UNCLAS MANILA 4013

FOR EXIMBANK

E.O. 11652: NA

TAGS: BEXP, EFIN, RP

SUBJECT: PHILIPPINE NATIONAL RAILWAYS SEEKS EXIMBANK FINANCING
FOR LOCOMOTIVES

1. JUAN N. DE CASTRO, ASSISTANT GENERAL MANAGER ON
TRANSPORTATION/MARKETING, PHILIPPINE NATIONAL RAILWAYS,
HAS DISCUSSED WITH EMBASSY ON SEVERAL OCCASIONS PNR
INTEREST IN MAXIMUM EXIMBANK FINANCING OF ADDITIONAL
GENERAL ELECTRIC DIESEL LOCOMOTIVES. PNR IS APPLYING
POLICY OF STANDARDIZATION AND HAS DECIDED ON GE DIESEL
LOCOMOTIVES FOR MOTIVE POWER, HAVING ACQUIRED FIVE NEW
UNITS LAST YEAR. PNR PLANNING ACQUIRE 10 LOCOMOTIVES
IN NEAR TERM AND 10 MORE LATER. CASTRO REFERRED TO
PRESS REPORTS OF LIBERALIZED EXIMBANK POLICY PERMITTING
UP TO 90 PERCENT FINANCING OF U.S. EXPORTS. EMBOFF
INFORMED DE CASTRO THAT, ACCORDING TO CASEY STATEMENT
OF FEBRUARY 27, EXIMBANK HAS INCREASED ITS RANGE OF
DIRECT FINANCING FROM 30 PERCENT TO 55 PERCENT INSTEAD
OF PREVIOUS 30 ROT 45 PERCENT, WHICH AGAIN PERMITS EXIMBANK
TO PROVIDE SUPPORT UP TO 90 PERCENT THROUGH
COMBINATION OF DIRECT CREDITS AND GUARANTEES. EMBOFF
NOTED THAT AMOUNT OF SUPPORT FOR PARTICULAR
TRANSACTIONS WOULD PROBABLY DEPEND ON CASE TO CASE
OR PRODUCT TO PRODUCT DETERMINATION.

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2. WE URGED CASTRO TO HAVE PNR SUBMIT DIRECT OR THROUGH

SUPPLIER APPLICATION TO EXIMBANK, BUT AT HIS REQUEST
PROMISED TO CONVEY PNR INTEREST TO EXIMBANK. LOCAL
GE SUBSIDIARY HAS BEEN KEPT INFORMED OF PNR APPROACH.
GE REPRESENTATIVE SAID HE HAS BEEN CONDUCTING TALKS FOR
SOME TIME AND SPECIFICALLY INQUIRED ABOUT POSSIBILITIES
OF MAXIMUM EXIMBANK DIRECT CREDIT, THAT IS, 55 PERCENT.

SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANK LOANS, ROLLING STOCK
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA04013
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750112-0256
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750494/aaaadhlm.tel
Line Count: 69
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2003 by maginmm>; APPROVED <07 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PHILIPPINE NATIONAL RAILWAYS SEEKS EXIMBANK FINANCING FOR LOCOMOTIVES
TAGS: BEXP, EFIN, RP, XMB, PHILIPPINE NATIONAL RAILWAYS, (DE CASTRO, JUAN N)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006